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Acetex Corporation 2000 Annual Report

Acetex

onTarget

pg. 01
letter to shareholders

pg. 07
our products

pg. 15
on acetex

pg. 29
financial review

pg. 58
corporate information

Acetex Corporation is Europe's second-largest producer of acetic acid, vinyl acetate monomer (VAM) and polyvinyl alcohol (PVOH). These chemicals and their derivatives are used in a wide range of applications in the automotive, construction, packaging, pharmaceutical and textile industries. We direct our operations from our corporate head office in Vancouver, Canada and our European head office in Paris, France. Acetex has plants in France and Spain and sales offices throughout Europe and in Singapore.

The past year has been a very good one for Acetex. A strong business climate and tight supply/demand balance in the acetyls market led to higher prices for acetic acid and VAM, our two major products. As a result of our cost reduction achievements, we greatly benefited from the recovery in prices and posted net income for the year of \$18.2 million, up from a loss of \$16.7 million in 1999. Looking ahead, we are optimistic that the dynamics of the acetyls industry will remain favorable for us over the next few years, due to rising demand and limited plans for capacity additions.

REWARDED FOR OUR EFFORTS

In last year's report, we discussed three areas that Acetex had focused on during 1999 to improve our company:

reducing costs, enhancing our market presence, and positioning ourselves to take advantage of the industry's recovery. Our "Nouvel Elan" cost reduction program has been a tremendous success.

In 2000 we recorded our best financial performance since 1995 – and we are on course to continue delivering value to our shareholders.

FINANCIAL AND OPERATING HIGHLIGHTS

Years ended December 31, 2000 and 1999	(U.S. \$000s) (audited)	2000	1999
SELECTED FINANCIAL INFORMATION			
Net sales	\$ 212,627	\$ 200,875	
Net income (loss) for the year	18,193	(16,716)	
Net income (loss) per share	\$ 0.70	\$ (0.65)	
Cash generated from operations ¹	35,290	6,277	
Cash generated from operations per share ¹	\$ 1.36	\$ 0.24	
Cash position at end of year	43,575	22,846	
EBITDA ²	51,156	24,629	
Long-term debt at end of year	180,000	180,000	
PRODUCTION VOLUME INFORMATION			
Acetic acid	359,701	358,018	
VAM – Pardies	129,964	140,623	
Acetic acid derivatives	76,710	94,703	

¹ Before changes in non-cash working capital

² Operating income plus depreciation and amortization

Since the Company is a reporting issuer under both U.S. and Canadian securities legislation, accounting figures are reported in accordance with either U.S. or Canadian Generally Accepted Accounting Principles (GAAP), as appropriate. In this document Canadian GAAP has been used. Dollar amounts referred to in this Annual Report are in U.S. dollars unless otherwise indicated.

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REWARDED FOR OUR EFFORTS

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Compared to the cost structure in 1998, we have reduced our operating costs by more than \$17 million dollars annually. As a result, we are able to deliver acetyls to our European customers at the lowest cost of all worldwide producers.

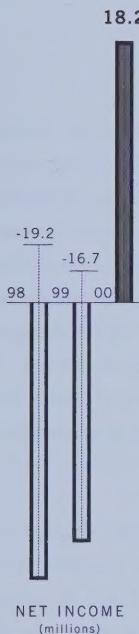
Working to enhance our market presence has strengthened our position in the European market and our resulting profitability. In 2000, Acetex's EBITDA margin was 24.1 percent, a significant increase over the 12.3 percent margin in 1999 and the 9.0 percent margin in 1998. In addition to our cost controls, the price spread between VAM and acetic acid played a large role in this increase. For the first time in over two years the relationship between the prices of our two primary products returned to historical averages. In addition, we continued to reap benefits from our acquisition of Wacker Chemie's PVOH business in 1999, which improved our PVOH market share by taking us into the specialty, high added value end of this business.

In a cyclical commodity market, it is crucial to maintain a low-cost position – to weather difficult market conditions and maximize profits during market upswings. Cost reductions, a successful natural gas hedging program and the signing of a favorable, long-term methanol supply contract, positioned Acetex to take full advantage of the market recovery that has occurred over the past year and a half. As a result, we posted our best financial performance since 1995, our initial year of operations.

SUPERIOR OPERATING PERFORMANCE

2000. We have set a new acetic acid production record in each of the six years that we have owned the acetyls business. In VAM we were unable to build on our string of five consecutive years of production records, as we produced 129,964 tonnes of product in 2000. Notwithstand-

In a continuing testament to our superior operations and maintenance personnel, Acetex was able to produce a record level of 359,701 tonnes of acetic acid in



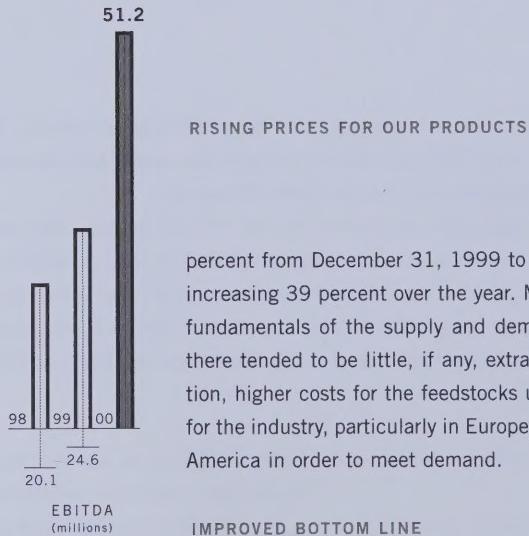
ing Acetex produced at nearly theoretical capacity levels the entire year in both our primary products despite completing a scheduled five-week turn around in November and December that reduced the number of available production days by nearly 10 percent.

Acetic derivative production for the year was 76,710 tonnes, a drop of nearly 19 percent. However, this was primarily due to the strategic decision to end in February 2000 tolling arrangements with Rhodia for the production of methoxypropyl acetate, butyl acetate and potassium acetate. These products provided little margin over and above the acetic acid margin and we did not feel that continuing their production would lead to any significant profits in the foreseeable future.

FEEDSTOCK PRICING AND STRATEGY

Although the prices for our two major feedstocks – methanol and natural gas – rose considerably over the past year, we were able to mitigate the effect on our results. Our successful hedging program continued to reduce the impact of rising natural gas prices throughout 2000. It is important to note that natural gas costs in Europe have not increased as dramatically as those in North America. European natural gas prices are linked to the price of fuel oil, which did not experience the supply/demand imbalances that caused the significant price spikes of natural gas in North America. Thus, European natural gas prices were approximately half those in North America at the end of 2000.

Also in 2000, we began receiving methanol shipments from a new plant in Trinidad under a ten-year contract to provide nearly half of our methanol requirements at a fixed price. With methanol prices being far above this fixed price for the entire year, this contract provided us with a significant cost advantage.



RISING PRICES FOR OUR PRODUCTS

The momentum of price increases that began in late 1999 continued throughout 2000. Newsletter prices for acetic acid rose steadily during the year, up 34 percent from December 31, 1999 to December 31, 2000. Prices for VAM made similar gains, increasing 39 percent over the year. Many factors account for this strong business climate. The fundamentals of the supply and demand balance primarily led to this market strength, since there tended to be little, if any, extra product available to buyers throughout the year. In addition, higher costs for the feedstocks used to produce acetals in North America set a floor price for the industry, particularly in Europe, which imports a significant amount of product from North America in order to meet demand.

IMPROVED BOTTOM LINE

The strong market, coupled with our high production volumes and lower operating costs, led to dramatically improved financial results for the year. Our net sales increased nearly six percent over 1999 to \$212.6 million, and our net income for the year was \$18.2 million, up from a loss of \$16.7 million in 1999. EBITDA was more than double that of last year, and we closed the year with EBITDA of \$51.2 million, compared to \$24.6 million in 1999.

THE ACETEX ADVANTAGE

knowledge of our customers and their requirements. Although we are not a global supplier, our customers know that we are a world-class, top-tier producer that can meet all of their European acetyls needs.

Operationally we are unsurpassed. However, it takes more than just sound operations to be a successful business. A solid financial structure is required to ensure that the business survives at the bottom of the cycle and thrives otherwise. After our initial acquisition of the acetyls business in 1995, we refinanced our original bank debt with long-term bonds, which have interest payments that are more than manageable throughout the chemical cycle. The market in 2000 recognized the value of our strategy and assets, as our share price increased throughout the year to close at \$8.00 per share on December 31, 2000. In 2001, we will continue to focus on increasing the market value of our company.

I cannot emphasize enough that we have achieved and maintained our low-cost position through the dedicated efforts of our employees at all levels of our organization. They continue to work very hard to reduce costs throughout the company and they've done an outstanding job.

In 2000, we further enhanced the quality of our team by hiring Jean-Pierre Soufflet as Vice President and General Manager. Jean-Pierre knows our industry and our company, having worked at the Pardies plant 20 years ago when he was just beginning his career as a chemical engineer. He brings a wealth of industry experience to his position and we are very pleased to have him on board.

Acetex is well positioned in its market. With our location and size, we focus primarily on Europe and the surrounding region where we have first-hand

LOOKING AHEAD WITH CONFIDENCE

medium term. While product pricing may fluctuate up or down, depending on the cost of raw materials as well as the supply/demand balance, margins tend to be influenced primarily by the supply/demand balance. Thus, with no new acetic acid plants coming on-stream and only two new VAM plants scheduled to start up in the coming year, margins should remain strong. And although there seems to be considerable pressure on the North American economy in the near term, it is the opinion of many that Europe will not feel the pressure as strongly since its economy never reached the fevered pitch of North America's over the past few years.

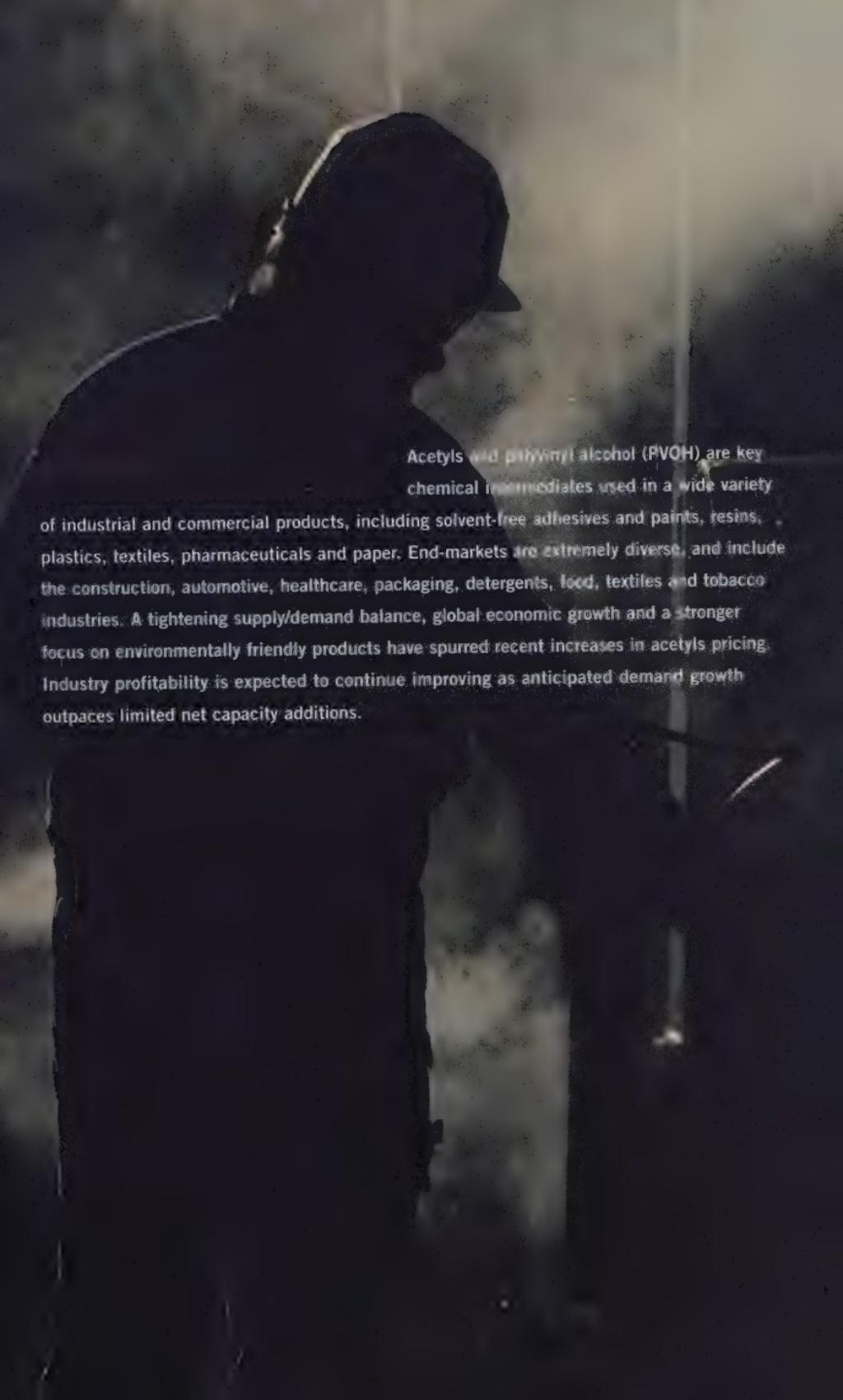
Given the favorable industry fundamentals, our commitment to low-cost and efficient production, and our strong market position in Europe, we will continue to deliver value and build on the success of 2000. I wish to thank all Acetex employees, the Board of Directors and you, our shareholders, for your support over the past year.

Sincerely,



A handwritten signature in black ink, appearing to read "B.N.Wade".

Brooke N. Wade
Chairman and Chief Executive Officer



Acetals and polyvinyl alcohol (PVOH) are key chemical intermediates used in a wide variety

of industrial and commercial products, including solvent-free adhesives and paints, resins, plastics, textiles, pharmaceuticals and paper. End-markets are extremely diverse, and include the construction, automotive, healthcare, packaging, detergents, food, textiles and tobacco industries. A tightening supply/demand balance, global economic growth and a stronger focus on environmentally friendly products have spurred recent increases in acetals pricing. Industry profitability is expected to continue improving as anticipated demand growth outpaces limited net capacity additions.

Product Glossary

Acetic acid is the primary feedstock for a variety of downstream products including vinyl acetate monomer (VAM), PVOH, acetic anhydride, acetate solvents and purified terephthalic acid ("PTA", which is used in the manufacture of lightweight, recyclable plastics, including PET bottles). In 2000, VAM production accounted for the largest use (45 percent) of acetic acid worldwide, while PTA and pharmaceutical applications are expected to have the greatest demand growth rates for acetic acid in the near future.

According to the consulting firm Chem Systems, the global capacity of acetic acid in 2000 was approximately 8.2 million tonnes, of which 23 percent is based in Europe. Acetex presently accounts for 5 percent of global and 26 percent of European acetic acid capacity. In 2000, we sold approximately half of our acetic acid to external customers, accounting for 28.5 percent of our total revenues. The remaining production was used internally to produce VAM and other derivatives.

VAM is the most widely produced derivative of acetic acid and is primarily used in the production of PVOH (35 percent), polyvinyl acetate (46 percent), ethylene vinyl acetate and ethylene vinyl alcohol (19 percent, combined). PVOH and ethylene vinyl alcohol are expected to have the highest demand growth rates for VAM in the near future.

According to Chem Systems, global capacity of VAM reached 4.5 million tonnes in 2000, of which 18 percent is based in Europe. Acetex presently accounts for

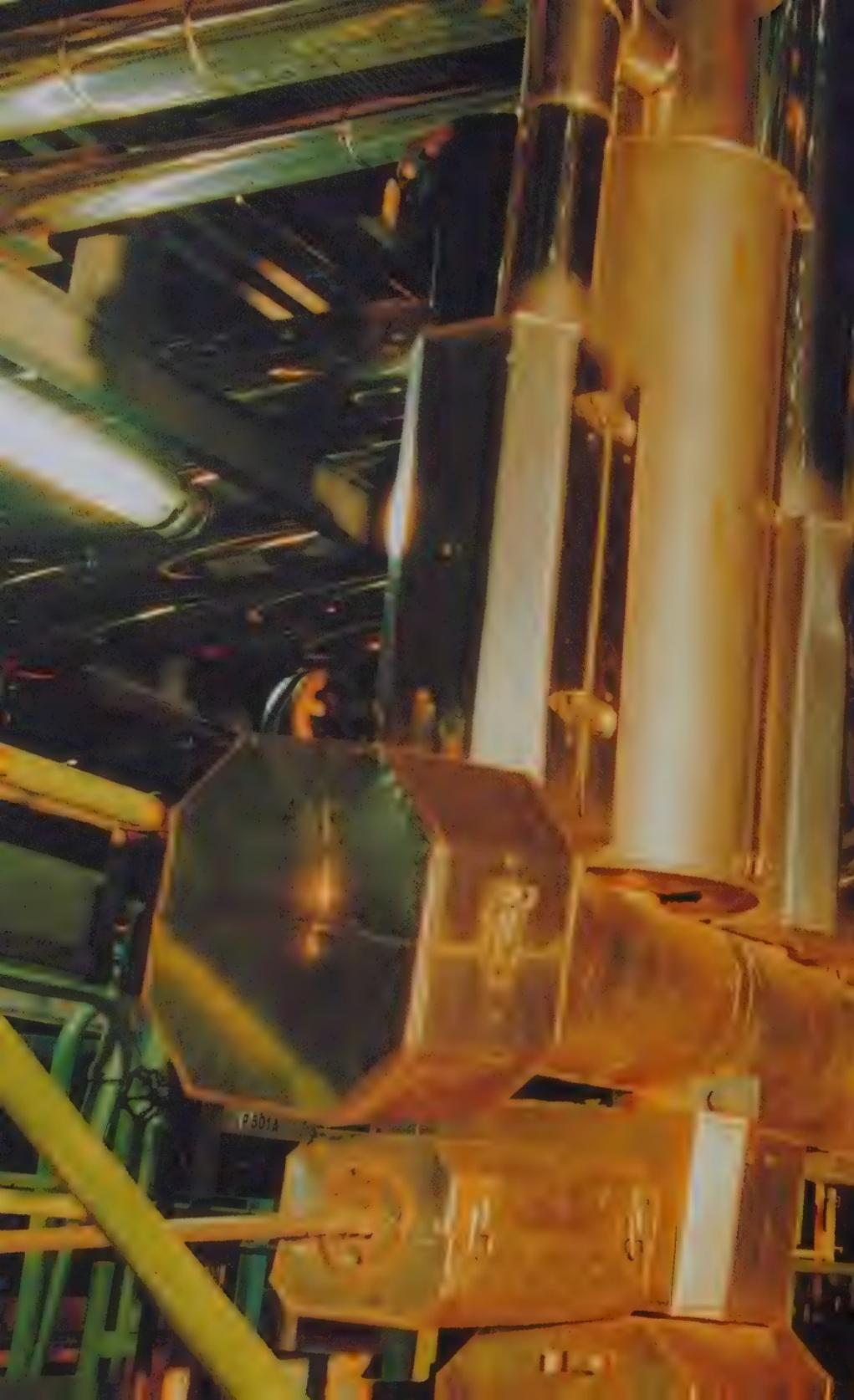
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Common End Uses of Acetic Acid







4.2 percent of global and 19 percent of European VAM capacity (including tolling production at Tarragona). In 2000, we sold approximately 82 percent of our VAM to external customers, accounting for 41.3 percent of total revenues. The remaining production was used internally to produce PVOH and polyvinyl acetate.

PVOH is a safe, biodegradable, water-soluble polymer with an enormous range of applications due to it having properties that can be easily altered by changing its molecular weight (polymer chain length) and/or alcohol group content (hydrolysis). PVOH, which is produced in either powder or granular form, is an excellent binder (forming films and coatings with good resistance to oils, greases and organic solvents) and has superior gas barrier properties. PVOH also has surfactant-like properties, is an intermediate in the manufacturing of polyvinyl butyral (PVB) insulation resins and safety glass laminates, and is the raw material in polyvinyl-acetate-based textile fibres. Water-based solvents and paints, PVB safety glass, paper and textiles are expected to have the largest demand growth rates for PVOH in the near future.

Global production of PVOH was 750,000 tonnes in 2000, according to Chem Systems, of which about 8 percent is based in Europe. Acetex presently accounts for 2 percent of global and 23 percent of European PVOH capacity, making us the second-largest producer in Europe. In 2000, Acetex sold all of its PVOH production to external customers, accounting for approximately 11 percent of total revenues.

Acetic anhydride is primarily used in the production of cellulose acetate, cigarette filter tow, pharmaceuticals (such as aspirin and acetaminophen), bleaching agents for detergents, dyes and agro-chemicals. Acetic anhydride accounts for 13.5 percent of global acetic acid consumption. Through our tolling arrangement with Rhodia, Acetex provides the acetic acid necessary to produce acetic anhydride at Rhodia's Roussillon, France facility. All of Acetex's production is sold to external customers, accounting for approximately 8 percent of sales.

Acetate solvents, which account for 13.5 percent of global acetic acid consumption, are used in inks, paints and coatings. Acetex provides acetic acid to Rhodia in a tolling arrangement to produce isopropyl acetate at its Pont-de-Claix, France facility. All of Acetex's production is sold to external customers. For economic reasons, Acetex ceased the tolling arrangements for methoxypropyl acetate and butyl acetate in February 2000, and potassium acetate in June 2000.

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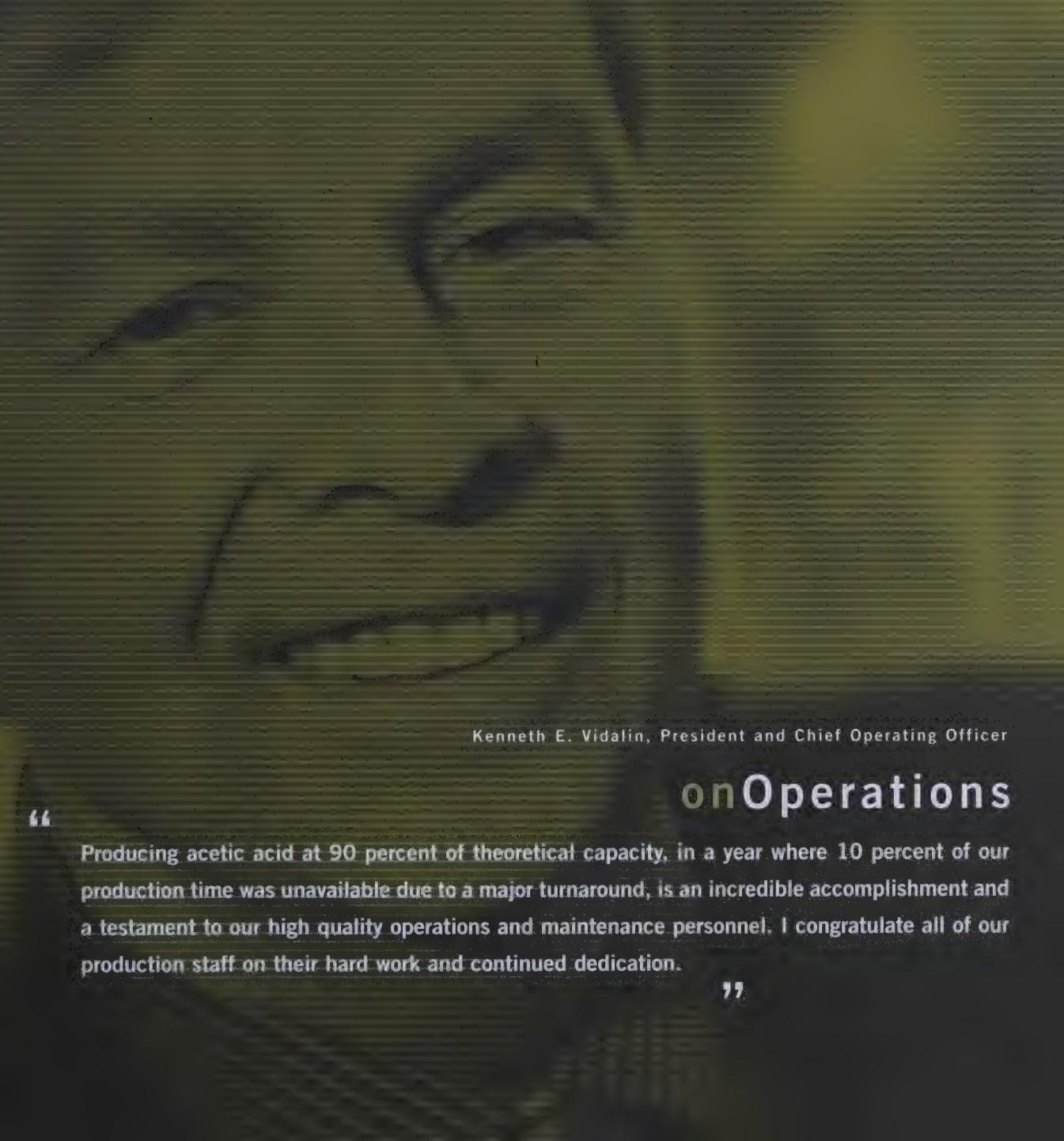
onAcetex

359,701

(Tonnes of acetic acid produced by Acetex in 2000, a production record)

17

(Amount (in millions of dollars) by which operating costs have been reduced since 1998)



Kenneth E. Vidalin, President and Chief Operating Officer

on Operations

“Producing acetic acid at 90 percent of theoretical capacity, in a year where 10 percent of our production time was unavailable due to a major turnaround, is an incredible accomplishment and a testament to our high quality operations and maintenance personnel. I congratulate all of our production staff on their hard work and continued dedication.”

LOW-COST EFFICIENT OPERATIONS

Acetex's manufacturing facilities exemplify the very best in operational practices. Through a combination of innovative technology, operational excellence, and a commitment to low-cost production, we have one of the finest acetyls operations in Europe.

Acetex produces acetic acid using the Monsanto Process, which produces acetic acid from two main feedstocks, methanol and carbon monoxide. This process is the industry standard and offers a significant cost advantage over older production methods. The technical know-how to use this process is held by very few companies, making it difficult for other companies to enter the industry.

Acetex's VAM production technology was developed by Rhône-Poulenc specifically for use at the Pardies site. Typically, ethylene is combined with acetic acid to produce VAM. Our process, on the other hand, combines natural gas and oxygen and breaks it down into carbon monoxide, which we use to produce acetic acid; hydrogen, which we sell to Norsk Hydro; and acetylene, which we combine with acetic acid to produce VAM. This process tends to shelter us from the large price swings often associated with the ethylene market.

These production technologies give us a cost advantage over competitors who use other processes and feedstocks. As part of our focus on continuous improvement, our engineers are constantly working to optimize our production processes, implementing and patenting numerous improvements to enhance efficiency.

Our integrated operations also contribute to production efficiency. In 2000, we produced 359,701 tonnes of acetic acid, selling just

under half to our customers (accounting for approximately one-third of our total revenues) and using the rest in our own production of VAM and other value-added acetic acid derivatives. Similarly, we sold approximately 82 percent of our VAM production to customers (accounting for approximately forty percent of total revenues), using the remainder to produce PVOH and polyvinyl acetate products.

Other factors also contribute to our low-cost position. Our strategic locations in Europe mean that our delivery costs are typically lower than those of our competitors. And our proximity to the Lacq natural gas field, the source of most of the natural gas we use as a feedstock, also minimizes transportation costs. As a result, the Pardies plant is the lowest-cost integrated acetyls facility in Europe on a delivered cost basis.

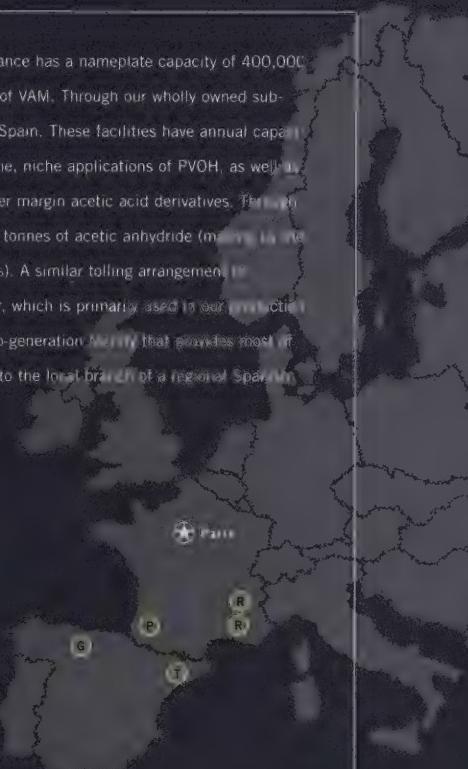
WORLD-CLASS ASSETS

Our Pardies plant [●] in southwestern France has a nameplate capacity of 400,000 tonnes of acetic acid and 150,000 tonnes of VAM. Through our wholly owned subsidiary Erkol, we produce polyvinyl alcohol at operations in Tarragona [●] and Guardo [●], Spain. These facilities have annual capacities of 16,000 and 2,400 tonnes respectively, with our Guardo plant specializing in lower volume, niche applications of PVOH, as well as polyvinyl acetate. Tolling arrangements with Rhodia [●] enable us to offer our customers higher margin acetic acid derivatives. Through these arrangements, we produce approximately 16,000 tonnes of isopropyl acetate and 29,000 tonnes of acetic anhydride (making us the third-largest European producer of acetic anhydride and accounting for nine percent of our sales). A similar tolling arrangement with Tarragona with Celanese Iberica provides us with an additional 40,000 tonnes of VAM each year, which is primarily used to manufacture PVOH. Our operations also include a 45 percent interest in Erfei, a 13-megawatt electrical co-generation facility that provides most of the Tarragona facility's electricity and steam requirements. Excess electricity production is sold to the local branch of a regional Spanish electricity utility that owns a 25 percent interest in Erfei.

ACETIC ACID DISTRIBUTION ACETEX CORPORATION



VAM DISTRIBUTION ACETEX CORPORATION

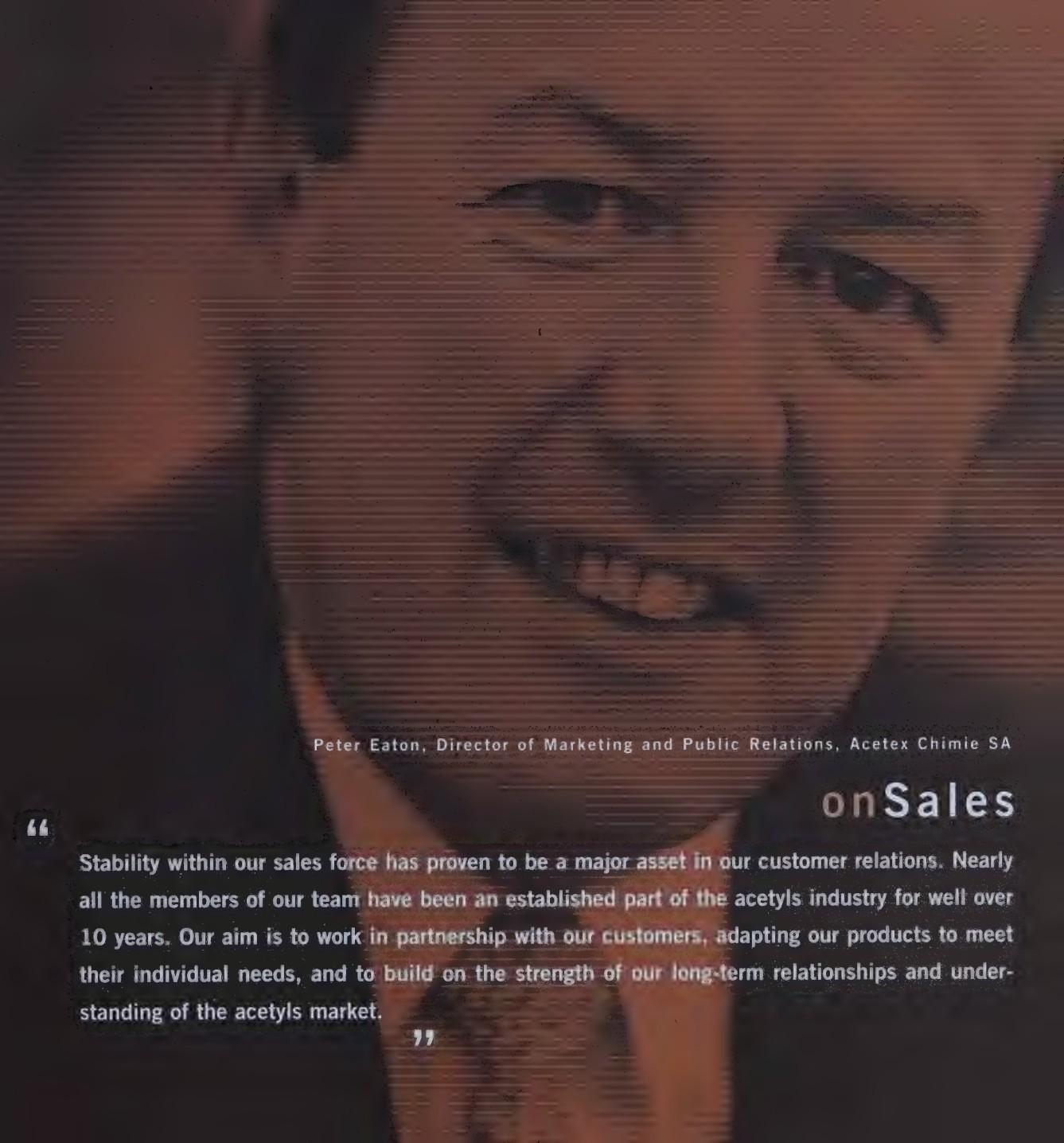


21

(Percentage of Acetex's share of Europe's acetic acid market)

24

(Percentage of Acetex's share of Europe's VAM market)



Peter Eaton, Director of Marketing and Public Relations, Acetex Chimie SA

on Sales

Stability within our sales force has proven to be a major asset in our customer relations. Nearly all the members of our team have been an established part of the acetyls industry for well over 10 years. Our aim is to work in partnership with our customers, adapting our products to meet their individual needs, and to build on the strength of our long-term relationships and understanding of the acetyls market.

“

RELIABLE SUPPLIER

Knowledgeable and experienced, the members of our sales and marketing team are strategically positioned across Europe in locations near our major customers. We also have a sales office and storage facility in Singapore close to our Southeast Asian customers. This extensive sales network, combined with our reliability of supply, has made Acetex a leading European supplier.

Acetex's sales team consists of 25 sales and marketing professionals located in France, Germany, Italy, Spain, Portugal, the United Kingdom and Singapore. Their proximity to our major customers is advantageous, giving us a thorough understanding of our customers' needs and enabling us to build long-term relationships with them. As the sole supplier or major supplier for many of our key customers, we understand the importance of reliability – of consistently supplying our customers with the product they need, when they need it. This commitment to our customers has resulted in tremendous loyalty, evidenced by the fact that over 90 percent of sales in the last three years have been to the same core customer group.

Our group of core customers is not only stable, but also quite diverse. Many are large multinational chemical manufacturers who use our products and derivatives to produce other intermediate chemicals or products in the automotive, construction, pharmaceutical and packaging industries. In choosing Acetex as their acetyls supplier, they have contributed to our growing share of the European market for acetic acid, VAM, and other acetic acid derivatives.

We work hard to meet our customers' specific requirements. First and foremost is our ability to cover their product needs.

Customers choose us because they know that we are able to provide reliable supply, even during difficult market conditions. We can also offer customized chemical solutions for our customers seeking specialty grades of PVOH, thanks to our continuous process and batch process production methods at our Tarragona and Guardo facilities respectively. For example, our Guardo facility in Spain produces nearly 50 grades of PVOH, with varying viscosities and hydrolysis percentage grades, to meet specific requirements.

Based out of offices located across Europe, the members of our sales and marketing team are experienced professionals with in-depth industry knowledge and expertise.

Their superb understanding of the dynamics of the acetyl market accounts for our success in meeting the needs of our customers, whether they are located in Belgium or southern Spain. We have contracts in place to deliver our product to customers by ship, rail and truck. And our extensive network of owned and leased storage capacity in strategic locations throughout Europe also ensures the reliable delivery of our products to customers.

NET SALES
ACETEX CORPORATION
(millions)



ACETYL AND
SUPPLY/DEMAND BALANCE
('000 metric tonnes)

■ Capacity ■ Demand

1998 1999 2000

75% 79% 81.2%

Operating rate

VINYL
SUPPLY/DEMAND BALANCE
('000 metric tonnes)

■ Capacity ■ Demand

1998 1999 2000

89.4% 91.2% 93.5%

Operating rate

Sales Offices:
Paris, France
Lymington, United Kingdom
Milan, Italy
Frankfurt, Germany
Barcelona, Spain
Madrid, Spain
Porto, Portugal

Additional
Sales Office:
Singapore



Source: ICIS-LOR

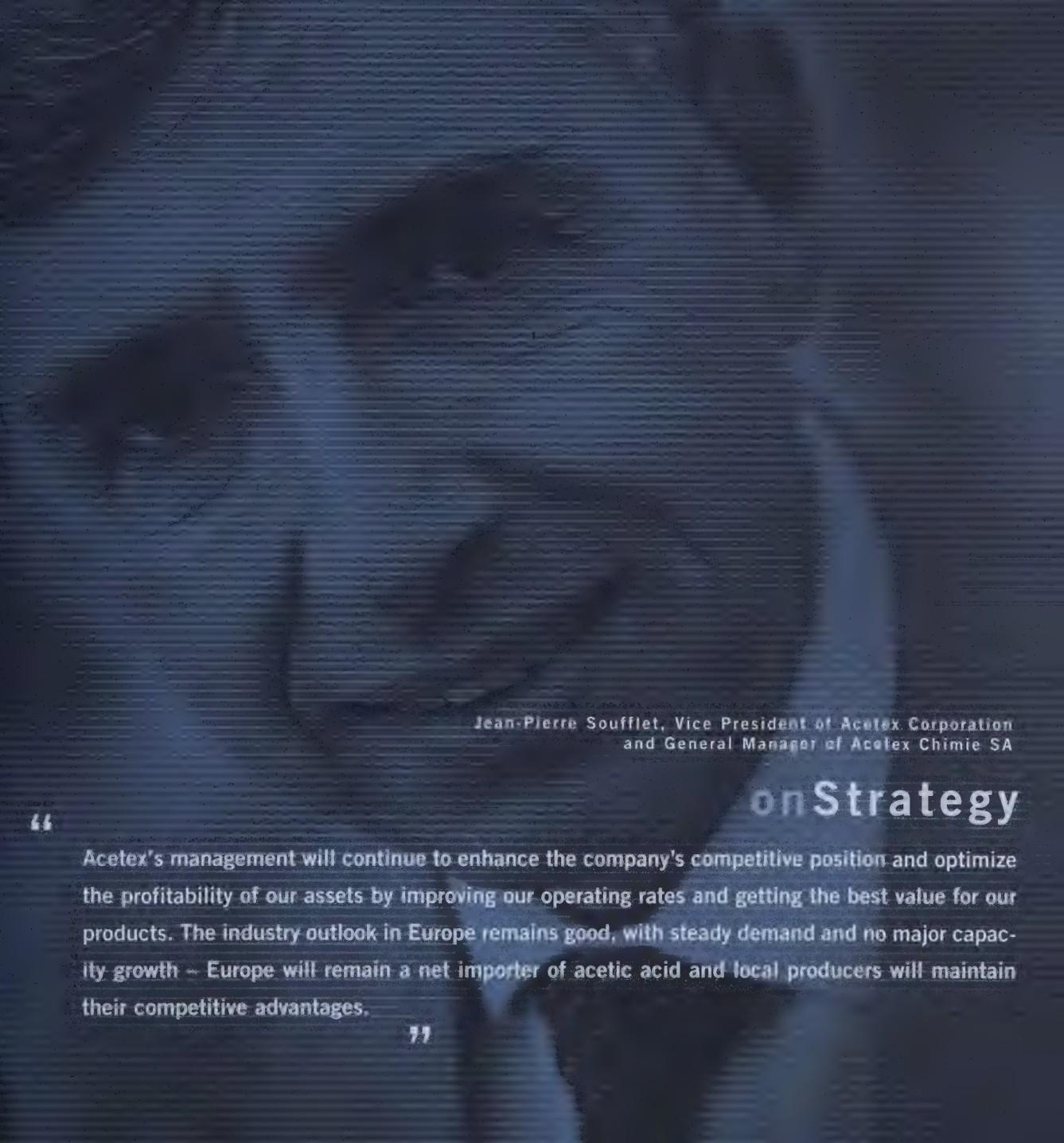
Source: ICIS-LOR

34

(Percentage price increase for acetic acid in 2000)

29

(Percentage price increase for VAM in 2000)



Jean-Pierre Soufflet, Vice President of Acetex Corporation
and General Manager of Acetex Chimie SA

on Strategy

“Acetex's management will continue to enhance the company's competitive position and optimize the profitability of our assets by improving our operating rates and getting the best value for our products. The industry outlook in Europe remains good, with steady demand and no major capacity growth – Europe will remain a net importer of acetic acid and local producers will maintain their competitive advantages.

EXPERIENCED MANAGEMENT TEAM

Acetex's management group in Paris, under the direction of Jean-Pierre Soufflet, our new Vice President and General Manager, directs our European operations and is responsible for overseeing operational issues at our three plants, sales and order processing, accounting functions, and logistics. Our French and Spanish management teams were the driving force behind Nouvel Elan, our very successful cost reduction strategy.

The experience and expertise of our management team is evident in the highly efficient operation of Acetex through all phases of the market cycle. Guided by a long-term perspective, the team strategically managed the company through the years of depressed acetyl prices that followed the Asian financial crisis of 1997.

In 2000, we saw the benefits of our corporate strategy, as our cost reduction initiatives enabled us to take advantage of the market upturn and recovering prices. Worldwide demand for acetic acid increased more than 12 percent since 1996 to 6.4 million tonnes in 2000. According to Chem Systems, 23 percent of this demand is from Europe, where Acetex currently accounts for 26 percent of acetic acid capacity. Demand for VAM has risen more than eight percent since 1996 to its current level of 4.0 million tonnes, with 18 percent of VAM production based in Europe where Acetex accounts for 19 percent of VAM capacity. The rising demand for our products is a result of general economic growth, as well as an expanding market for environmentally friendly products, which are often manufactured from acetic acid and its derivatives.

Looking ahead, the outlook for the acetyl industry remains favorable, with limited new capacity additions. Although there have

been two large acetic acid plants recently built in Asia, several older high-cost facilities have been closed, resulting in a balanced supply/demand situation. Europe, which accounts for roughly 24 percent of the world's consumption of acetyl, continues to be a net importer of acetyl. This dependency on imported product tends to set a regional floor price due to high transportation costs and import tariffs.

Through management's strategic focus on operational excellence, customer satisfaction and cost reductions, combined with state of the art technology, prime locations and highly integrated production facilities, Acetex is the lowest-cost acetyl producer on a delivered basis to the European market. With industry margins rebounding to more historical levels, Acetex was able to return to profitability in 2000 and is set to continue on course to deliver value in the years ahead.

A DYNAMIC AND GROWING MARKET

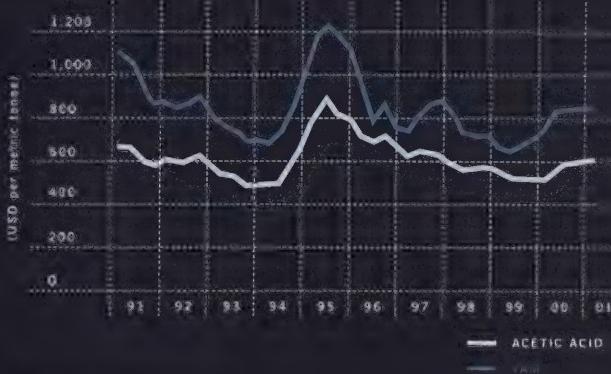
Europe is the primary market for our products, with the southern European countries of

Italy, Spain, Portugal and France accounting for nearly 60 percent of our sales in 2000.

Demand for acetic acid, VAM and our other products is driven by a number of economic, industrial and environmental factors. Overall demand for our products is growing, and last year our sales were up almost six percent to \$212 million.

AVERAGE EUROPEAN PRICING FOR ACETIC ACID AND VAM

The acetyl industry began recovering in 1999. Prices for acetic acid, VAM and polyvinyl alcohol increased throughout 2000 and we expect this trend to continue.



Source: ICIS-LOR NWE Contract Prices

Countries representing
nearly 60% of Acetex sales
for 2000:



30

management's discussion and analysis

41

statements

44

notes

58

corporate information

FinancialReview

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

Acetex's revenues are derived primarily from merchant market sales in Europe of its two principal products, acetic acid and VAM, as well as from merchant market sales of acetic derivatives. The Company's results of operations are affected by a variety of factors, including variations in the pricing of acetic acid and VAM and in the cost of its principal feedstocks, methanol and natural gas. Acetex's products and principal raw materials are globally traded chemical products, the prices of which are linked to the prices charged for such products by producers in the United States. Accordingly, the Company believes that fluctuations in the value of the dollar will affect the prices charged by the Company for its products and the prices the Company pays for its principal feedstocks.

Competition in the acetic acid segment of the chemical industry is driven by the type of process technology utilized by, and the geographic location of, the industry participant. Acetex believes that producers using the Monsanto Process enjoy certain operating cost advantages because the cost of methanol has historically been lower than the cost of feedstocks for alternative process technologies, including those based on ethylene and ethanol. As a result, the Company believes that market prices generally reflect the higher cost structure of such alternative process technologies. In addition, producers in the United States have historically been the lowest cost and highest volume producers of acetic acid products, as well as the main source of product imported into the European and Asian markets. As a result, European prices are influenced by both (i) the export prices charged by such producers (domestic price plus transatlantic shipping charges and European import duties) and (ii) the value of the US dollar relative to European currencies.

There are significant economies of scale associated with Acetex's production process. As such, the Company seeks to maximize production volumes to optimize the absorption of manufacturing overhead. In order to meet this objective and provide a full product offering of acetic derivatives to its customers, the Company utilizes toll manufacturing arrangements. Under these arrangements, Acetex delivers acetic acid to Rhodia for reprocessing into certain derivatives and also delivers acetic acid to CISL for processing into VAM. These products are then sold or used by Acetex. Under these arrangements, Acetex benefits by producing acetic acid at higher levels, thus absorbing greater levels of overhead and increasing operating margins. As the acetic derivatives business does not contribute significantly to EBITDA, the discussion below focuses primarily on the Company's two principal products, acetic acid and VAM.

CHANGE IN ACCOUNTING POLICY

During the second quarter of 1999, the Company retroactively changed its accounting policy for maintenance turnarounds. The new accounting policy, which is in accordance with current accounting practice, capitalizes as part of capital assets the costs of maintenance turnarounds and amortizes these costs over the period of the turnaround cycle. Previously, turnaround costs were accrued in advance of the shutdown. The references to financial results in the discussion that follows are based on the restated financial results for the relevant periods.

REVENUES

The following table sets forth the dollar amount of historical net sales and the percentage of historical net sales by product for the Company for the years ended December 31, 1996 through December 31, 2000.

Year ended December 31,

	1996		1997		1998		1999		2000	
Acetic acid	\$79.7	30.8%	\$73.1	28.2%	\$54.8	24.5%	\$52.5	26.1%	\$60.6	28.5%
VAM	81.7	31.6%	92.3	35.6%	70.6	31.5%	74.0	36.9%	87.8	41.3%
Acetic derivatives (a)	97.2	37.6%	93.8	36.2%	98.9	44.0%	74.4	37.0%	64.2	30.2%
Net sales (b)	\$258.6	100.0%	\$259.2	100.0%	\$224.3	100.0%	\$200.9	100.0%	\$212.6	100.0%

- (a) Includes revenues for the Company's seven acetic derivatives. For each of the periods indicated, net sales for any one acetic derivative did not account for more than 11% of net sales.
- (b) Includes revenues from the Company's limited trading and selling of third party acetic acid products and from VAM produced pursuant to toll manufacturing arrangements with CISL.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Acetex's revenues are primarily a function of (i) the volume of product produced by the Company or produced for the Company under toll manufacturing arrangements and (ii) the prices for such products. The following table provides an overview of Acetex's production volumes, capacity utilization rates and sales volumes:

Year Ended December 31,

	1996	1997	1998	1999	2000
Acetic acid (in thousands of tonnes)					
Total produced	325	335	352	358	360
Captive use (a)	170	182	185	188	171
VAM (b)	137	138	140	141	130
Acetic derivatives	90	90	97	95	77
Capacity utilization at Pardies (c)					
Acetic acid	98%	86%	88%	90%	90%
VAM (b)	93%	92%	93%	94%	87%
Sales volumes (in thousands of tonnes) (d)					
Acetic acid	167	172	173	191	205
VAM	154	159	154	156	140
Acetic derivatives	98	97	96	98	92

- (a) Represents the portion of acetic acid production used as a feedstock in downstream production of Acetex's other products.
- (b) Excludes VAM produced for Acetex in Spain pursuant to toll manufacturing arrangements with CISL.
- (c) Based on acetic acid capacity of 400,000 tonnes (1996 and prior years - 330,000 tonnes) and VAM capacity of 150,000 tonnes. Production, and thus capacity utilization, for the years ended December 31, 1995 and 2000, was affected by scheduled large shutdowns in November 1995 and November 2000. A scheduled small shutdown also occurred in February 1997 to complete the de-bottlenecking project which increased acetic acid capacity to 400,000 tonnes. A scheduled small shutdown also occurred in November 1998.

- ~ (d) Includes sales from the Company's limited trading and selling of third party acetic acid products and from VAM produced pursuant to toll manufacturing arrangements with CISL.

Acetex's production volumes of acetic acid and VAM have been relatively stable and the Pardies plant has historically operated at a high rate of capacity utilization. The Pardies plant has a scheduled shutdown for regular maintenance and repairs every 18 months for a period of two to three weeks and a scheduled shutdown for major maintenance and equipment repairs every five years for a period of four to five weeks. A five-year scheduled shutdown occurred in November 1995 and November 2000. In early 1997, during the scheduled 18-month shutdown, the Company completed a 70,000 to 90,000 tonne increase in its acetic acid production capacity through a de-bottlenecking project at the Pardies plant. Following the turnaround in 2000, the Company expects small turnarounds every two years and large turnarounds every six years.

The following table provides an overview of Acetex's average gross selling prices per tonne for acetic acid and VAM for the periods indicated:

Year Ended December 31,

	1996	1997	1998	1999	2000
Acetic acid	\$561	\$480	\$394	\$310	\$361
VAM	\$630	\$655	\$594	\$534	\$682

Prices for Acetex's products are generally determined by the relative balance of global supply and European demand for acetic acid products and the cost structure of the acetic acid industry, which is dependent on the costs of principal feedstocks. Acetex believes that producers of ethylene-based acetic acid have a higher cost structure and that prices for the Company's products generally reflect this higher cost structure. European producers have a comparative advantage over US producers due to transatlantic shipping charges incurred by US exporters and the European import duties levied against them. These factors offset the cost advantage enjoyed by US producers due to their access to lower cost natural gas supplies. European import duties in 2000 on acetic acid and VAM were 8.89% and 7.3%, respectively. Due to various factors that restrain acetic acid producers from rapidly increasing production capacity, European users of acetic acid generally turn to acetic acid products from the United States during market shortages.

MANAGEMENT'S DISCUSSION AND ANALYSIS

From 1992 through mid-1994, the Acquired Business experienced a period of declining prices as European demand decreased in response to the general recessionary conditions in Europe and global supply increased as new production capacity came on line. From the third quarter of 1994 through the second quarter of 1995, prices for Acetex's products rose due to increased demand driven by improved economic conditions in Europe and a resultant tightening of supply of acetic acid products in Europe. The improvement in prices in 1994 was partially offset by higher feedstock prices, primarily for methanol, which increased more rapidly than selling prices for the Company's products. Starting in February 1995, methanol prices declined significantly until the third quarter of 1996. Prices for acetic acid and VAM dropped in the second quarter of 1996 in response to de-stocking by customers. This was followed by price increases directly due to a fire at a large producer's acetic acid plant in the United States. Prices dropped in the final quarter of that year as worldwide production returned to normal levels.

During 1997, prices in the first quarter reached their lowest level, with the spread between acetic acid and VAM prices narrowing to historically low levels. This was primarily due to de-stocking by customers and pre-marketing of Celanese's Singapore VAM expansion. Acetic acid prices were relatively stable during the balance of 1997 in French franc terms but fell by 14% in US dollar terms, as a result of the strengthening of the US dollar against European currencies. VAM prices rose throughout 1997 by nearly 15% in French franc terms over 1996 averages but only increased by 4% in US dollar terms over 1996.

During 1998, acetic acid and VAM prices fell by approximately 23% from prices at the end of 1997 in response to weakened worldwide demand resulting from the Asian financial crisis. Although product is not believed to have been shipped from Asia into Europe, the reduced economic activity in Asia lowered the demand for chemicals, thereby lowering the price at which chemicals such as acetic acid and VAM are sold. Supply increased as a result of a new acetic acid plant in China and through small de-bottlenecking projects.

Acetic acid and VAM prices continued to fall until the end of the first half of 1999 following the trends of 1998. Thereafter, prices increased in response to strengthening demand in Asia and higher petroleum-related feedstock costs, particularly ethylene. By the end of 1999, contract prices in Europe returned to 1998 levels. Closure of high cost ethylene-based acetic acid plants in 1999 and 2000 and worldwide demand in excess of supply for VAM have led to further price increases throughout 2000 and into the first quarter of 2001. The 400,000 tonne Celanese plant located in Singapore and the 500,000

at year-end neither was producing at full capacity due to feedstock supply and startup problems. Once these plants are producing at full capacity, the rate of price increases for acetic acid is likely to slow down.

The outlook for VAM is favorable as demand continues to strengthen while only two new capacity additions will come on stream in 2001. Dairen has announced that their 240,000 tonne plant in Taiwan will start up in Q1 2001. This replaces an existing 120,000 tonne facility which will be converted to production of another chemical. BP's 240,000 tonne VAM plant in the U.K. is expected to start up in the middle of 2001. This capacity increase will be partially offset by the closure of two BP VAM plants totalling 170,000 tonnes capacity.

COSTS

Acetex's operating cost structure is primarily dependent on the prices of its principal feed stocks, methanol and natural gas, and, to a lesser extent, transportation costs, plant overhead and other overhead expenses. Costs for methanol and natural gas, which are driven by market cycles and have historically been volatile, account for a high percentage of the Company's total production costs.

The Company purchases methanol pursuant to contracts containing price formulas which are a blend of the published European contract and spot methanol prices. The published European contract price for methanol increased by 262% from the fourth quarter of 1993 to the first quarter of 1995. Subsequently, methanol prices declined significantly, with a published European contract price of DM 225 (\$152) applicable to purchases made in the fourth quarter of 1995. This price remained stable until the third quarter of 1996 when it increased to DM 247 (\$164). During 1997, the contract price moved from DM 288 (\$172) to DM 344 before settling at DM 330 through the first quarter of 1998. Contract prices dropped throughout 1998, finishing the year at DM 195. The downward trend continued through the first quarter of 1999 to a level of DM 175. Methanol prices stabilized in the second quarter and then increased to Euros 121 per tonne by the end of the year due to shortages of methanol in Europe and in response to the doubling of costs for oil-related feedstock. Methanol prices continued to increase in the first quarter of 2000 when the contract price for methanol was set at Euros 128 per tonne. In response to increasing US Gulf Coast natural gas costs, methanol prices continued to increase to Euros 142 per tonne in the second quarter, to Euros 210 per tonne in the third quarter, and to Euros 255 per tonne in the fourth quarter of 2000. The Company believes that the outlook for world methanol prices is for price decreases as new production comes on-line and as US natural gas prices decline from record high levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During 2000, Acetex received its first shipments of methanol under a fixed price long-term supply contract. The annual commitments under the contract are for an amount that represents approximately 50% of the Company's methanol requirements.

Acetex purchases substantially all of its natural gas from GSO pursuant to a contract which adjusts prices monthly and which ended December 31, 2000, and was renewed for one year. These contract prices, averaged over the period of a year, are generally comparable to the market prices set by Gaz de France. The Company's costs for natural gas are subject to volatility. In order to protect against such potential volatility, and to make costs less susceptible to short-term market fluctuations, Acetex has entered into certain contracts that protect the Company from rapid price increases on substantially all of its natural gas purchases.

Transportation costs have been relatively stable as the Company owns or leases, pursuant to long-term leases, significantly all of its railcar needs and has low-cost contracts for most of its European shipping needs. Other operating costs and general and administrative expenses have been relatively stable in terms of French francs.

NET SALES

For the year ended December 31, 2000,
compared to the year ended December 31,

1999, net sales increased by 6% or \$11.7 million to \$212.6 million from \$200.9 million. This increase resulted from an increase in the average product selling price of 12% from 1999 to 2000. These higher selling prices offset sales volumes that were 5% lower than in 1999. Sales volumes were lower as a result of the scheduled five-week turnaround and because we terminated the tolling agreements with Rhodia for the production of butyl acetate, methoxypropyl acetate and potassium acetate.

Industry newsletters indicate that pricing for the fourth quarter of 2000 measured in German Deutsche Marks compared to the fourth quarter of 1999 increased by approximately 49% for VAM and by 43% for acetic acid. As compared to the third quarter of 2000, prices in the fourth quarter of 2000 were reported to have increased by 5% for VAM and acetic acid.

These same newsletters indicate that European contract pricing for acetic acid and VAM in the first quarter of 2001 will increase by approximately 7% as compared to the contract prices in the fourth quarter of 2000. These price increases reflect continued strong worldwide demand for both acetic acid and VAM.

GROSS PROFIT

Gross profit for the year ended December 31, 2000, increased by 240% or \$29.8 million to \$42.2 million from \$12.4 million. The increase in gross profit was primarily due to higher sales revenues and lower operating costs. As well, depreciation expense was lower by \$6.6 million due to the lower value of the French franc against the US dollar and the full depreciation of certain assets acquired in 1995. The Nouvel Elan cost savings program resulted in a reduction in operating costs in 2000 of \$15.4 million compared to the base year of 1998.

The European contract price for methanol increased by 211% from the fourth quarter of 1999 to the fourth quarter of 2000 and increased 21% from the third quarter of 2000 to the fourth quarter of 2000. The first quarter contract price for 2001 will remain at the same level as in the fourth quarter of 2000.

The cost of natural gas will increase substantially in the first quarter of 2001 as the contract pricing reflects current elevated world oil prices.

OPERATING INCOME

Operating income for 2000 increased by \$33.2 million to \$34.6 million from \$1.4 million primarily due to the improvements in gross profit described above. Selling, general and administrative costs for the year were \$3.1 million lower than in 1999.

NET INCOME

As a result of the factors discussed above, the net income for the year increased by \$34.9 million to \$18.2 million from a loss of \$16.7 million in 1999.

Income tax expense continues to be zero as the Company utilizes income tax loss carryovers for which no provision has been made in the accounts. These losses will continue to be utilized until the Company has generated approximately \$55.0 million in income before income taxes. The Company continues to pursue a refund claim totalling \$6.0 million for French income taxes relating to the 1995 and 1996 tax years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations (prior to changes in non-cash working capital) for the year ended December 31, 2000 was \$35.3 million compared to \$6.3 million for the year ended December 31, 1999.

During the year, the value of the French franc in relation to the US dollar decreased to 7.05 FF/\$ at the end of the year from 6.53 FF/\$ at the beginning of 2000. As the primary functional currency of the Company's operations in Europe is the French franc, this change in the foreign currency translation rate for the balance sheet has been reflected in the US dollar carrying value of the European net assets. The effect of this translation is shown in the Cumulative translation adjustment and not in the Company's earnings.

Acetex expects to satisfy its cash requirements in the future through internally generated cash.

CAPITAL EXPENDITURES AND SHUTDOWN COSTS

Capital expenditures during the year ended December 31, 2000, totalled \$11.1 million, of which \$7.5 million relates to the costs associated with the Company's scheduled five-week turnaround and \$0.3 million to the acquisition of the specialty polyvinyl alcohol business of Wacker Chemie. Maintenance level capital expenditures for 2001 are expected to be \$3 million.

Future capital expenditures could vary substantially if Acetex is required to undertake corrective action or incur other environmental costs in connection with the proceedings discussed under "Business Regulation-Remedial Actions and Indemnity". The Company may also pursue selective expansion opportunities, including the acquisition of companies with complementary product lines.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and all financial information contained in the annual report are the responsibility of management. The other financial information in the annual report is consistent with that in the consolidated financial statements.

Management is responsible for the development of the internal controls over the reporting process. Management believes that the system of internal controls, review procedures and established policies provide reasonable assurance as to the reliability and relevance of financial reports.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through the Audit Committee. The Committee inquires into matters affecting financial reporting, systems of internal accounting and financial reporting, audit procedures and plans, and makes recommendations to the Board with respect to these and similar matters. It reviews the consolidated financial statements, the annual report, the annual information form and the management's discussion and analysis, and recommends them to the Board for approval. The Committee considers, for review by the Board and approval by the shareholders, the engagement or reappointment of external auditors. At the discretion of the members, the Committee reviews unaudited interim financial statements, news releases on interim financial results, and interim reports to shareholders before their distribution, and reports thereon to the Board. The Committee meets regularly with management and external auditors to discuss internal controls and significant accounting and financial reporting issues.

KPMG LLP, the Company's auditors, have provided an independent professional opinion on the fairness of the consolidated financial statements. Their opinion is included in this annual report. KPMG LLP has full and unrestricted access to the Committee.



John B. Zaozirny, Q.C.
Chairman of the Audit Committee
February 19, 2001



Brooke N. Wade
Chairman and Chief Executive Officer



Donald K. Miller
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Acetex Corporation as at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the three-year period ended December 31, 2000 and shareholders' equity as at December 31, 2000 and 1999 to the extent summarized in note 15 to the consolidated financial statements.

KPMG LLP

Chartered Accountants
Vancouver, Canada
February 19, 2001

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)	As at December 31	Note	2000	1999
ASSETS				
	Current assets:			
	Cash and cash equivalents		\$ 43,575	\$ 22,846
	Accounts receivable		49,286	46,888
	Inventories	3	22,933	19,313
	Prepaid expenses and other		8,579	9,704
			124,373	98,751
	Property, plant and equipment	4	112,906	127,418
	Other assets	5	7,455	7,849
			\$ 244,734	\$ 234,018
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
	Current liabilities:			
	Accounts payable and accrued liabilities		\$ 60,679	\$ 51,868
	Pension obligation	6	2,904	5,424
	Long-term debt	7	180,000	180,000
	Deferred foreign exchange gain		3,586	4,894
			247,169	242,186
	Shareholders' deficiency:			
	Share capital	8	65,073	64,752
	Deficit		(3,553)	(21,746)
	Cumulative translation adjustment		(63,955)	(51,174)
			(2,435)	(8,168)
			\$ 244,734	\$ 234,018
	Commitments and contingencies	10		
	Approved on behalf of the Board:			
				
	John G. Gammie			
	Director			
				
	Director			

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(thousands of U.S. dollars, except for per share information)	Years ended December 31	Note	2000	1999	1998
Sales	\$ 212,627		\$ 200,875	\$ 224,280	
Cost of goods sold	153,863		165,236	183,850	
Depreciation and amortization	16,574		23,221	23,550	
	<u>170,437</u>		<u>188,457</u>	<u>207,400</u>	
Gross profit	42,190		12,418	16,880	
Other operating expenses:					
Selling, general and administrative	7,003		10,056	12,737	
Research and development	605		954	1,614	
Restructuring provision	11	-	-	5,971	
	<u>7,608</u>		<u>11,010</u>	<u>20,322</u>	
Operating income (loss)	34,582		1,408	(3,442)	
Other income (expense):					
Interest expense	(17,403)		(18,753)	(18,438)	
Equity income (loss)	(762)		(83)	528	
Foreign exchange gain	1,776		3,115	2,120	
	<u>(16,389)</u>		<u>(15,721)</u>	<u>(15,790)</u>	
Income (loss) before income taxes	18,193		(14,313)	(19,232)	
Income taxes	9	-	2,403	-	
Net income (loss)	18,193		(16,716)	(19,232)	
Retained earnings (deficit), beginning of year	(21,746)		(5,030)	14,202	
Deficit, end of year	\$ (3,553)		\$ (21,746)	\$ (5,030)	
Net income (loss) per common share	2(k)				
Basic	\$ 0.70		\$ (0.65)	\$ (0.74)	
Diluted	0.65		-	-	

CONSOLIDATED STATEMENTS OF CASH FLOWS

CASH PROVIDED BY BY (USED FOR): (thousands of U.S. dollars)	Years ended December 31	2000	1999	1998
Operating activities:				
Net income (loss)	\$ 18,193	\$ (16,716)	\$ (19,232)	
Charges and credits to income not involving cash:				
Depreciation and amortization	16,574	23,221	23,550	
Pension expense (recovery)	167	(800)	(38)	
Amortization of deferred financing costs	892	1,031	1,390	
Amortization of unrealized foreign exchange gain	(1,308)	(1,308)	(1,308)	
Distributions received from equity investee in excess of income	772	849	214	
Changes in non-cash operating working capital:				
Accounts receivable	(5,799)	(10,005)	17,845	
Inventories	(5,025)	3,267	1,939	
Prepaid expenses and other	684	1,659	1,359	
Accounts payable and accrued liabilities	11,683	2,115	2,878	
	<u>36,833</u>	<u>3,313</u>	<u>28,597</u>	
Investing activities:				
Purchase of property, plant and equipment	(11,063)	(4,446)	(8,049)	
Other	59	(1,763)	2,181	
	<u>(11,004)</u>	<u>(6,209)</u>	<u>(5,868)</u>	
Financing activities:				
Increase in share capital	321	-	-	
Decrease in pension obligation	(2,162)	(1,576)	(773)	
Repayment of capital lease obligation	-	(1,120)	(952)	
	<u>(1,841)</u>	<u>(2,696)</u>	<u>(1,725)</u>	
Foreign exchange loss on cash and cash equivalents held in foreign currencies	<u>(3,259)</u>	<u>(2,871)</u>	<u>(3,437)</u>	
Increase (decrease) in cash and cash equivalents	20,729	(8,463)	17,567	
Cash and cash equivalents, beginning of year	22,846	31,309	13,742	
Cash and cash equivalents, end of year	\$ 43,575	\$ 22,846	\$ 31,309	
Supplementary information:				
Interest paid	\$ 17,550	\$ 17,550	\$ 17,587	
Income taxes paid	242	304	233	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 1.**OPERATIONS:**

Acetex Corporation was incorporated under the laws of the Province of Alberta on December 1, 1994. Its principal business is the production of acetic acid and its derivatives from production facilities in France and Spain and their distribution and sales primarily in Europe.

NOTE 2.**SIGNIFICANT ACCOUNTING POLICIES:****(a) Basis of presentation:**

The consolidated financial statements of Acetex Corporation (the "Company") have been prepared in accordance with generally accepted accounting principles in Canada. They include the accounts of Acetex Corporation and its subsidiaries, all of which are wholly owned. The Company's 45% interest in Erfei A.I.E. ("Erfei"), a company subject to significant influence, is accounted for by the equity method. Under this method, the Company recognizes its proportionate share of cumulative post acquisition income or losses and capital distributions of Erfei as they are realized. All material intercompany balances and transactions have been eliminated. Except as set out in note 15, there are no material measurement differences to these consolidated financial statements between generally accepted accounting principles in Canada and the United States.

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and reasonable assumptions which impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated balance sheet, and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

(b) Cash and cash equivalents:

Cash equivalents include term deposits with major financial institutions having terms to maturity at their date of acquisition of three months or less.

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value. The cost of raw materials is determined using the weighted average cost of inventory on hand. The cost of finished goods includes the cost of raw materials, as determined above, labour, depreciation and applicable overhead.

(d) Property, plant and equipment:

Property, plant and equipment is stated at cost. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the capital assets as follows:

	years
Plant and processes	10 – 15
Equipment	3 – 15

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 2 cont.

Periodically, the Company conducts a shutdown of operating facilities to allow for inspection, necessary repairs and replacements. Direct costs associated with these shutdowns are capitalized as incurred and amortized over the term to the next scheduled shutdown. Routine repairs and maintenance are expensed as incurred.

The underlying value of property, plant and equipment is periodically assessed by management. If the estimated undiscounted future cash flow from the assets is in excess of their carrying value, a provision will be recognized equal to this excess.

Obligations for future site remediation and restoration costs are provided for on a basis that matches the costs to be incurred with the events that are giving rise to the obligation when it is both probable that a future cost will be incurred and a reasonable estimate can be made of the Company's ultimate liability (see also note 10(a)).

(e) Other assets:

Other assets are recorded at cost. They include deferred financing costs which are amortized to interest expense on the effective yield basis over the remaining term of the related senior secured notes.

The Company's share of Erfei's net income or loss has been included as equity income (loss) in the consolidated statement of operations. Distributions received from Erfei have been applied against the carrying value of the equity investment.

(f) Research and development costs:

Research costs are expensed as incurred. Development costs are expensed when incurred except when the Company has indicated its intention to use the process and the costs associated with the process are identifiable. In these circumstances, the costs are deferred and amortized on a systematic and rational basis. To December 31, 2000, no development costs have been deferred.

(g) Income taxes:

Income taxes are accounted for under the asset and liability method. Future income taxes are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts and their respective tax base and operating loss and tax credit carry forwards. Future tax assets and liabilities are measured using enacted, or, where applicable, substantially enacted tax rates for the years in which these temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income generally in the period that includes the enactment or substantive enactment date. Future income tax assets are reduced by a valuation allowance to the extent that their realization is not considered to be more likely than not.

(h) Sales recognition:

The Company recognizes sales in accordance with sales agreements when title to the product has been transferred to the customer, collection of the sales proceeds is reasonably assured and the Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 2 cont.

- has no significant continuing risks or obligations with respect to the product. Sales are recorded net of shipping and handling costs of \$24.1 million (1999 - \$25.8 million; 1998 - \$28.6 million).
- (i) Stock-based compensation:
The Company has a stock-based compensation plan, which is described in note 8(d). No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings.
- (j) Foreign currency translation:
The Company's functional and reporting currency is the United States dollar for all material operations other than for operations in France, where the functional currency is the French franc, and Spain, where the functional currency is the Spanish peseta. As each of these operations is considered to be a self-sustaining foreign operation, their financial statements have been translated into United States dollars using the exchange rate in effect at the end of each reporting period for asset and liability amounts and at the average exchange rate for each reporting period for amounts included in the determination of income. Any gains or losses resulting from this translation of items that form part of the Company's net investment in foreign operations have been included in the cumulative translation adjustment account on the consolidated balance sheet.
Foreign currency denominated transactions are translated into the appropriate functional currency at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into the appropriate functional currency at the rate of exchange in effect at the balance sheet date. Any gains or losses resulting from this translation have been included in the determination of income, except for unrealized exchange gains or losses arising on the translation of long-term debt which were deferred in 1995 and are being amortized over the remaining term of the related debt.
- (k) Loss per share:
The weighted average number of shares outstanding for the purposes of the calculation of loss per share is 26,019,914 (1999 and 1998 - 25,915,564). Fully diluted loss per share is not presented if the effect is anti-dilutive.

		(tabular dollar amounts in thousands of U.S. dollars)	
		Years ended December 31, 2000, 1999 and 1998	
NOTE 3.	INVENTORIES:		
	Raw materials and spare parts	\$ 5,587	\$ 7,353
	Finished products	<u>17,346</u>	<u>11,960</u>
		\$ 22,933	\$ 19,313
NOTE 4.	PROPERTY, PLANT AND EQUIPMENT:		
	Property	\$ 2,372	\$ 2,413
	Plant and processes	<u>43,319</u>	<u>46,110</u>
	Equipment	<u>164,821</u>	<u>166,928</u>
		<u>210,512</u>	<u>215,451</u>
	Accumulated depreciation and amortization	(97,606)	(88,033)
		\$ 112,906	\$ 127,418
NOTE 5.	OTHER ASSETS:		
	Deferred financing costs	\$ 2,475	\$ 3,645
	Equity investment	<u>215</u>	<u>1,074</u>
	Deposits	<u>855</u>	<u>987</u>
	Other	<u>3,910</u>	<u>2,143</u>
		\$ 7,455	\$ 7,849
NOTE 6.	PENSION OBLIGATION:		
	The Company has pension obligations in France which total \$2.9 million at December 31, 2000 (1999, France and Spain - \$5.4 million) and which are accrued in the consolidated balance sheet. Of the Company's commitments in France, \$1.3 million at December 31, 2000 is being funded over 16 years. The balance of the Company's obligations in France are not being funded.		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 7.**LONG-TERM DEBT:**

	2000	1999
9-3/4% senior secured notes due October 1, 2003	\$ 180,000	\$ 180,000

The notes are secured by a first mortgage and security interest on substantially all of the real and personal property of the Company in France. Interest on the notes is payable semi-annually. The notes are redeemable at the Company's option at any time at specified redemption prices plus accrued interest.

NOTE 8.**SHARE CAPITAL:**

- (a) Authorized: Unlimited number of common shares.
- (b) Issued:

	Number of common shares	Assigned value
Issued, December 31, 1997	25,915,564	\$ 64,647
Notes receivable repaid (c)	-	105
Issued, December 31, 1998 and 1999	25,915,564	64,752
Issued for cash on exercise of options	198,800	321
Issued, December 31, 2000	26,114,364	\$ 65,073

- (c) Notes receivable:

Share capital is disclosed net of \$375,000 of demand notes receivable that bear interest at 8% per annum and relate to the purchase of the Company's issued common shares by officers or employees.

- (d) Stock options:

The Company's stock option plan provides for grants to directors, officers and key employees. Stock options are granted having exercise prices that are determined by reference to market prices at the date of grant. Stock options vest and become exercisable as to 50% on the first anniversary and as to 25% each on the second and third anniversary of grant. Stock options expire 10 years from the date of grant.

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 8 cont.

	Number of options	Weighted average exercise price (Canadian)
Outstanding, December 31, 1997	2,236,088	10.69
Granted	50,000	3.00
Outstanding, December 31, 1998	2,286,088	10.52
Granted	585,000	2.60
Forfeited	(70,000)	(2.60)
Repricing of options to non-executive employees:		
New exercise price	680,000	2.60
Previous exercise price	(680,000)	(12.87)
Outstanding, December 31, 1999	2,801,088	6.57
Granted	1,255,000	7.73
Exercised	(198,800)	(2.65)
Forfeited	(385,000)	(14.00)
Outstanding, December 31, 2000	3,472,288	\$ 6.46

The number approved for grant by the Board of Directors exceeds the authorized limit of 3,201,549 at December 31, 2000. At the next annual general meeting after December 31, 2000, the Company will request its shareholders approve an increase in the authorized number of stock options.

The following table summarizes information about stock options exercisable and outstanding at December 31, 2000:

Range of exercise prices (Canadian)	Options outstanding			Options exercisable	
	Number	Weighted average remaining term	Weighted average exercise price	Exercisable number	Weighted average exercise price
\$ 2.60 - \$ 3.00	1,036,200	8.24	\$ 2.61	461,200	\$ 2.61
\$ 5.50 - \$ 8.00	2,036,088	7.63	7.28	781,088	6.98
\$11.85 - \$12.40	400,000	6.45	12.26	400,000	12.26
	3,472,288	7.68	\$ 6.46	1,642,288	\$ 6.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 8 cont.**(e) Restrictions on dividends:**

Covenants attached to the senior secured notes (note 7) restrict the Company's ability to make dividend or other cash capital distributions to an amount determined by reference to cumulative earnings (as defined) plus the proceeds from specified capital transactions.

NOTE 9.**INCOME TAXES:**

The provision for income taxes varies from the provision for income taxes calculated at the Canadian statutory income tax rate of 44.6% (1999 and 1998 - 45.6%) as follows:

	2000	1999	1998
Income (loss) before income taxes	\$ 18,193	\$ (14,313)	\$ (19,232)
Provision for income taxes at statutory rates	\$ 8,114	\$ (6,441)	\$ (8,654)
Lower taxes in foreign jurisdictions	(15,078)	(12,622)	(12,307)
Losses for which no tax benefit has been provided	6,964	21,466	20,961
	\$ -	\$ 2,403	\$ -

(tabular dollar amounts in thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1993

NOTE 9 cont.

As at December 31, 2000 and 1999, the effects of temporary differences that give rise to significant future tax assets and liabilities are as follows:

	2000	1999
Future tax assets:		
Net operating loss carryforwards	\$ 75,950	\$ 64,036
Inventory valuations	726	815
Pension plan	1,065	1,148
Restructuring costs	-	598
Deferred foreign exchange gains	1,636	2,202
Other	2,793	2,777
Total gross future tax assets	82,170	71,576
Valuation allowance	(61,374)	(50,412)
Net future tax assets	20,796	21,164
Future tax liabilities:		
Excess of book basis over tax basis of capital assets	(16,140)	(16,886)
Other	(4,656)	(4,278)
Total gross future tax liabilities	(20,796)	(21,164)
Net future tax liability	\$ -	\$ -

At December 31, 2000, the Company has tax loss carryforwards which are available to offset taxable income in future years as follows:

	Amount	Expiry date
Canada	\$ 79,800	2007
France	50,600	2005
France	44,700	indefinite
Spain	13,100	2004
	\$ 188,200	

NOTE 10.**COMMITMENTS AND CONTINGENCIES:**

(a) Rhodia Agreement:

Concurrent with completion of the acquisition of the acetic acid business of Rhodia in 1995 (the "Acquisition"), the Company entered into an agreement with Rhodia which indemnifies the Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

NOTE 10 cont.

Years ended December 31, 2000, 1999 and 1998

from specified costs arising due to existing environmental matters. The material terms of the agreement are as set out below.

At the time of the Acquisition, environmental studies were undertaken of the French and Spanish production facilities. The French studies, which identified certain problems relating to soil and groundwater pollution, were submitted to the appropriate French government environmental authority. This authority is responsible for defining the remedial actions required for the environmental problems identified in the report. The Spanish studies were finalized and submitted and the Company received comments from the applicable authorities in 1998. Under the indemnity agreement, Rhodia is responsible for all of the costs associated with the remedial actions required by the environmental authority to be taken in connection with these identified environmental problems. As those identified matters at the date of Acquisition are the responsibility of Rhodia, no provision has been made for the costs associated with such matters in the consolidated financial statements.

In addition, notwithstanding the completion of the remedial actions discussed in the preceding paragraph, Rhodia is solely responsible for any additional remedial measures relating to the identified problems that may be required by any government agency unless such additional remedial measures (i) are required in connection with a change in environmental law or environmental permits, in which case Rhodia's obligation is subject to a \$40 million limitation if the change in law or permit occurs before February 9, 2002, or (ii) are required as a result of pollution generated jointly by the Company and Rhodia, in which event liability is shared and Rhodia's obligation is subject to a \$40 million limitation. Within the \$40 million limitation, Rhodia is subject to a sliding scale of liability for the costs of remediation, the allocation of losses from third party claims and the cost of additional remedial measures related to the identified problems which equals 10% of covered costs through 2001 declining to nil after February 9, 2002, all subject to proportionate allocation for those covered obligations which are jointly generated.

Any remedial actions required as a result of any change in or cessation of the activities of the Pardies plant are to be borne solely by the Company. Management does not believe that the Company has any material financial obligations with respect to currently existing environmental problems.

(b) Operating costs:

The Company had entered into an agreement which covered substantially all of the natural gas purchases required by the Company to December 31, 2001. This contract was closed during the year ended December 31, 2000. This contract has been accounted for as a hedge of the feedstock purchases with gains and losses recognized at the time the gas is purchased.

The Company purchases carbon monoxide and oxygen for the Pardies plant under contracts which extend to 2007. The aggregate minimum annual obligations under these contracts is approximately \$6.2 million. In addition, the Company has entered into a contract that extends to 2009 having an annual cost of \$13.4 million.

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 10 cont.

The Company has entered into contracts for the shipping of its products to customers. These contracts are predominantly short-term in nature.

The Company has indirectly entered into a contract which extends to 2005 under which a third party has undertaken to produce and deliver to the Company 40,000 tonnes per year of vinyl acetate monomer ("VAM"). The Company supplies acetic acid which is tolled into VAM at a price per tonne based on the third party's cost of production.

NOTE 11.

RESTRUCTURING PROVISION:

In December 1998, the Company recognized a restructuring provision of \$6.0 million related to an announced plan to terminate 92 employees in its operations in France. The costs relate to contracted termination benefits, incremental benefits offered to employees who accept voluntary termination, and out-placement and other costs. The provision is net of a \$640,000 reduction in actuarially calculated pension obligations. The costs associated with this restructuring were incurred during 1999 and 2000.

NOTE 12.

FINANCIAL INSTRUMENTS:

At December 31, 2000, financial instruments comprise cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. Except as indicated below, the fair value of such amounts are not materially different from their carrying values primarily due to their ability for prompt liquidation or short term to maturity. Based on market trading information, the fair value of the long-term debt at December 31, 2000 is \$163.8 million (1999 - \$163.8 million).

The Company does not hold any other financial instruments with off-balance sheet risk of accounting loss. In prior years, the Company has entered into feedstock, swap and other contracts intended to mitigate the risk of unplanned fluctuations on its operating costs. At December 31, 2000, such instruments involve risk from the possible inability of counterparties to meet their obligations. Historically, the Company has limited its risk by having only major financial institutions as counterparties.

NOTE 13.

ECONOMIC DEPENDENCE AND CONCENTRATION OF CREDIT RISK:

Approximately 52% (1999 - 55%; 1998 - 56%) of the Company's sales are made to ten customers. The loss of a material amount of sales to any of these customers could have a material adverse effect on operations. As at December 31, 2000, approximately 50% (1999 - 49%) of the Company's accounts receivable were owing from these customers, thereby increasing the level of credit risk due to the concentration of the accounts receivable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 14.**SEGMENTED INFORMATION:**

The Company is managed and operates as a single operating unit. The Company produces and distributes acetic acid and certain derivatives, primarily VAM and PVOH, from production facilities in France and Spain. VAM produced by or for the Company is a significant input into the production of PVOH. Substantially all sales occur in Europe. The Company has no sales and only nominal capital assets in Canada.

NOTE 15.**UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") which differ in certain respects with accounting principles generally accepted in the United States ("US GAAP"). Material issues that could give rise to measurement differences in these consolidated financial statements are as follows:

(a) Foreign exchange:

Under Canadian GAAP, foreign exchange gains and losses related to long-term monetary assets and liabilities are deferred in the consolidated balance sheet and amortized to income over the term of the related item. Under US GAAP, these gains and losses are recognized in the determination of income as they arise. The application of US GAAP to these consolidated financial statements would result in the reversal of the periodic recognition of the deferred foreign exchange gain in income. In addition, deferred taxes recorded under Canadian GAAP that relate to the deferred foreign exchange gain would have been recognized in the determination of income in prior years under US GAAP as the unrealized exchange gain on the long-term debt was recognized.

(b) Restructuring provision:

Included in the 1998 restructuring provision (note 11) was \$1.3 million (FF 7.4 million) for incremental benefits to be paid to employees who voluntarily accept termination and costs that were communicated to employees subsequent to year-end. Under US GAAP, incremental voluntary benefits are only recognizable when the employees formally accept the offer and the other costs when communicated. As no such acceptances had been received at December 31, 1998, no provision for supplemental voluntary termination payments would be recognized in 1998 under US GAAP. Such costs are recognizable in 1999 under US GAAP when the required communications and acceptances occurred.

(c) Stock-based compensation:

As described in note 8, the Company has granted stock options to certain directors and employees. These options are granted for services provided to the Company. For US GAAP purposes, Statement of Financial Accounting Standards No. 123 (SFAS 123) requires that an enterprise recognize or, at its option, disclose the impact of the fair value of stock options and other forms of stock-based

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 15 cont.

compensation in the determination of income. The Company has elected under SFAS 123 to continue to measure compensation cost on the intrinsic value basis set out in APB Opinion No. 25. As options are granted at exercise prices based on the market value of the Company's shares at the date of grant, no adjustment for compensation expense is required.

During the year ended December 31, 1999, the Company repriced certain outstanding options held by non-executive employees. Such options, to the extent they were still outstanding, were required to be accounted for as variable plan options with effect from July 1, 2000. In addition, during the year ended December 31, 2000 the Company cancelled certain options which resulted, for accounting purposes, in an effective repricing. The deemed replacement options issued during the year are also accounted for as variable plan options with effect from the date of cancellation in November 2000. As the Company's stock price at December 31, 2000 is less than that at the effective variable plan accounting dates, no charge has been required to be recognized in the current year.

(d) Comprehensive income:

Under US GAAP the Company is required to report and display comprehensive income (loss) which includes both net income and other gains and losses affecting shareholders' equity that are excluded from net income (loss). The only components of comprehensive income (loss) are the net income (loss) for the year and the foreign currency translation component of shareholders' equity. This information is presented below. Accumulated other comprehensive loss at December 31, 2000 and 1999 equals the cumulative translation adjustment account balance as reported in the consolidated balance sheet prepared in accordance with Canadian GAAP.

(e) Shipping and handling costs:

As discussed in note 2(h), sales are disclosed net of shipping and handling costs. Under US GAAP, such costs would not be netted against sales but would increase cost of goods sold. The amounts that would be reclassified under US GAAP are also set out in note 2(h).

(f) Change in accounting principles:

In fiscal 1999, for Canadian GAAP purposes the Company retroactively changed its accounting policy for non-capital shutdown costs. Under US GAAP, prior years financial statements would not be restated and the cumulative effect of the change would be recognized in 1999.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollar amounts in thousands of U.S. dollars)

NOTE 15 cont.

Years ended December 31, 2000, 1999 and 1998

(g) Impact of differences:

These differences would have affected the reported income (loss) and retained earnings (deficit) as follows:

	2000	1999	1998
Income (loss) - Canadian GAAP	\$ 18,193	\$ (16,716)	\$ (19,232)
Reverse amortization of foreign exchange gain	(1,308)	(1,308)	(1,308)
Voluntary termination benefits	--	(1,260)	1,260
Retroactive effect of change in accounting principles	--	244	(1,575)
Income (loss) - US GAAP before cumulative effect of change in accounting policy	16,885	(19,040)	(20,855)
Cumulative effect of change in accounting policy	--	8,891	--
Net income (loss) - US GAAP	16,885	(10,149)	(20,855)
Other comprehensive income:			
Cumulative translation adjustment	(12,781)	(28,954)	11,300
Comprehensive income (loss) - US GAAP	\$ 4,104	\$ (39,103)	\$ (9,555)
Basic net income (loss) per common share			
- US GAAP:			
Before cumulative effect of change in accounting principle	\$ 0.67	\$ (0.73)	\$ (0.80)
Cumulative effect of change in accounting principle	--	0.34	--
	\$ 0.67	\$ (0.39)	\$ (0.80)
Diluted net income (loss) per common share			
- US GAAP:			
Before cumulative effect of change in accounting principle	\$ 0.65	\$ (0.73)	\$ (0.80)
Cumulative effect of change in accounting principle	--	0.34	--
	\$ 0.65	\$ (0.39)	\$ (0.80)

(tabular dollar amounts in
thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

NOTE 15 cont.

	2000	1999
Deficit - Canadian GAAP	\$ (3,553)	\$ (21,746)
Recognition of deferred foreign exchange gain	3,586	4,894
Retained earnings (deficit) - US GAAP	\$ 33	\$ (16,852)

CORPORATE INFORMATION

BOARD OF DIRECTORS



Brooke N. Wade

Mr. Wade, Chairman and CEO of Acetex Corporation, was President and CEO of Methanex Corporation and its predecessor company, Ocelot Industries Ltd., from 1987 to 1994.



Kenneth E. Vidalin

Mr. Vidalin, President and COO of Acetex Corporation, was previously Executive Vice President of Methanex Corporation.



Pierre Dutheil

Mr. Dutheil is an independent Corporate Advisor on cross-border industrial and commercial cooperation. From 1980 to 1992, he was an executive with Thomson CSF and Senior Vice President, International.



John L. Garcia, Ph.D.

In 1999, Dr. Garcia became a Managing Director of AEA Investors Inc., a private equity investment firm. Prior to this he was Managing Director and Head of the Global Chemical Investment Banking Group with Crédit Suisse First Boston.



John B. Zaozirny, Q.C.

Mr. Zaozirny is Vice Chairman of Canaccord Capital Corporation and counsel to the law firm McCarthy Tétrault. He was formerly Minister of Energy and Resources for the Province of Alberta and holds a number of directorships in major industrial and resource companies.

EXECUTIVE OFFICERS

Brooke N. Wade

Chairman and Chief Executive Officer

Kenneth E. Vidalin

President and Chief Operating Officer



Jean-Pierre Soufflet

Jean-Pierre Soufflet is the Vice President of Acetex Corporation and General Manager of Acetex Chimie SA. Mr. Soufflet is a former President of Harris's European subsidiary.



Rainer Grubert

Rainer P. Grubert has been the Senior Vice President of the Company since July 1997. He previously held various executive and managerial positions during his 30 years experience with Hoechst Celanese Corporation.



Donald K. Miller

Donald K. Miller has been the Chief Financial Officer of the Company since June 1995. From 1976 to 1994, Mr. Miller was with the accounting firm of KPMG in Canada. Prior to joining the Company, Mr. Miller was acting Chief Financial Officer of Ashton Mining of Canada Ltd.



David W. Ross

David W. Ross has been Corporate Secretary of the Company since December 1994. Mr. Ross is a partner of the Canadian law firm McCarthy Tétrault, with which he has practiced since 1984.



OPERATIONS

AT PARDIES:
Roger Guichard

Roger Guichard has been Plant Manager of the Pardies plant since December 1998. Previously, he was Managing Director of a French metallurgical company for 3 years. For the prior 3 years, he was a management and training consultant with CEGOS, following 5 years as Director of Logistics and Plant Manager at Norsk Hydro.



AT ERKOL:
Juan Antonio Salazar

Juan Antonio Salazar is General Manager of Erkol, and is in charge of both the Tarragona and Guardo plants. Since 1982, Mr. Salazar has held several posts at the Tarragona plant, including production head and technical manager.

STANDING COMMITTEES

Audit

Reviews the systems of internal control over accounting and financial reporting and the external audit plan. Reviews the quarterly and year-end financial statements. Reports to the Board on its reviews with management of the financial plans and objectives of the Company and reviews the Company's risk management programs.

Chair: J. Zaozirny

Members: P. Dutheil, J. Garcia

Human Resources and Corporate Governance

Reviews personnel policies and practices, including executive recruitment, performance and compensation. Responsible for corporate governance, including composition and compensation of the Board of Directors.

Chair: J. Garcia

Members: P. Dutheil, J. Zaozirny

Environment

Reviews the Company's policies, practices and systems pertaining to the environment and occupational health and safety.

Chair: P. Dutheil

Members: J. Garcia, K. Vidalin, J. Zaozirny

SHAREHOLDER INFORMATION

Acetex Corporation's common shares are traded on The Toronto Stock Exchange under the symbol "ATX". Acetex's common shares commenced trading on the TSE on May 29, 1996.

INVESTOR INFORMATION

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THE ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders will be held at 10:00 am (Pacific Daylight Time) on May 30, 2001, at the Fairmont Waterfront Hotel, Vancouver, British Columbia.

CORPORATE INFORMATION

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, AB, Canada
Toronto, ON, Canada

Auditors

KPMG LLP
Vancouver, BC, Canada
Paris, France

Lawyers

McCarthy Tétrault
Calgary, AB, Canada
Skadden, Arps, Slate, Meagher & Flom
New York, NY, USA
Paris, France

Bankers

J.P. Morgan Chase & Co., NA
London, United Kingdom
Société Générale
Paris, France
The Royal Bank of Canada
Vancouver, BC, Canada

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Tarragona, Spain
Guardo, Spain

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Lymington, United Kingdom
Milan, Italy
Frankfurt, Germany
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